

MEMORANDUM

TO: County Council

FROM: Michael Faden, Senior Legislative Attorney

SUBJECT: **Introduction:** Resolution to include a carbon surtax in the fuel/energy tax rates to reflect greenhouse gas generation

A resolution to include a carbon surtax in the fuel/energy tax rates to reflect carbon dioxide and other greenhouse gas generation, sponsored by Councilmember Floreen, is scheduled to be introduced on April 15, 2008. This resolution would increase the rates currently in effect to produce \$11.1 million more revenue (see revenue data table on ©3). Specifically, this resolution would increase the tax rates on electricity, fuel oil, and steam by 10%, coal by 20%, and natural and liquefied petroleum gas by 5%, to generally reflect relative rates of carbon dioxide and other greenhouse gas generation.

The public hearing on this resolution, along with other revenue items, is scheduled for May 6 at 7:30 p.m.

This packet contains:	<u>Circle #</u>
Resolution	1
Rate schedule	2
Data on energy tax revenue	3

CORRECTED COPY

Resolution No. _____

Introduced: April 15, 2008

Adopted: _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmember Floreen

SUBJECT: Fuel/energy tax – rates – carbon surtax

Background

1. Section 52-14 of the County Code levies a tax on persons transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in the County.
2. Section 52-14 also provides that the County Council may amend the fuel/energy tax rates by resolution, after a public hearing advertised as required by Section 52-17. A public hearing was held on this resolution on (date).
3. The Council finds that it is fair and equitable to continue different rates for fuels and energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes and for non-residential purposes.
4. The Council also finds that basing the rates of this tax for each energy source generally on the relative contribution of that source to the production of carbon dioxide and other “greenhouse gases” would better reflect the environmental impact of using each energy source and to some degree encourage the public to distinguish among energy sources on this basis.

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

1. On and after July 1, 2008, the fuel/energy tax rates levied under Section 52-14 of the County Code must include a carbon surtax as shown on Schedule A, attached to this resolution.
2. This Resolution supersedes Resolution 15-1005.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

Date

Attachment
SCHEDULE A (starting in FY2009)

Resolution No:

Electricity, oil, steam	+10.0%
Gas	+5.0%
Coal	+20.0%

(a) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes:

FUEL-ENERGY	TAX RATE
Electricity (per kilowatt hr)	\$0.0052237964
Gas (per therm)	\$0.0449864339
Steam (per therm)	\$0.0589258692
Coal (per ton)	\$13.3429464000
Fuel oil (per gallon)	
No. 1	\$0.0644689980
No. 2	\$0.0668790540
No. 3	\$0.0668790540
No. 4	\$0.0684455904
No. 5	\$0.0697711212
No. 6	\$0.0713376576
Liquefied petroleum gas (per pound)	\$0.0097196463

(b) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for non-residential purposes:

Electricity (per kilowatt hr)	\$0.0138432612
Gas (per therm)	\$0.1192142417
Steam (per therm)	\$0.1561535534
Coal (per ton)	\$35.3566170000
Fuel oil (per gallon)	
No. 1	\$0.1708428447
No. 2	\$0.1772294931
No. 3	\$0.1772294931
No. 4	\$0.1813808146
No. 5	\$0.1848934712
No. 6	\$0.1890447926
Liquefied petroleum gas (per pound)	\$0.0257570627

NON-RESIDENTIAL

	FY 08 Tax Rate	FY 08 Units* (adjusted for actuals)	FY 08 Revenues	FY 08 Revenues Increase from prior yr.	FY 09 Tax Rate	FY 09 Units* (adjusted for actuals)	FY 09 Revenues
Fuel-Oil							
#1	\$0.1553116770	108,107	\$16,790	-5.1%	\$0.1708428447	110,053	\$18,802
#2 & #3	\$0.1611177210	6,234,321	\$1,004,460	-14.6%	\$0.1772294931	6,346,539	\$1,124,794
#4	\$0.1648916496	0	\$0		\$0.1813808146	0	\$0
#5	\$0.1680849738	0	\$0		\$0.1848934712	0	\$0
#6	\$0.1718589024	0	\$0		\$0.1890447926	0	\$0
L.P Gas	\$0.0245305359	4,814,277	\$118,097	-19.0%	\$0.0257570627	4,900,934	\$126,234
Electricity	\$0.0125847830	5,827,110,421	\$73,332,920	4.6%	\$0.0138432612	5,931,998,409	\$82,118,204
Natural Gas	\$0.1135373730	126,880,702	\$14,405,702	0.5%	\$0.1192142417	129,164,554	\$15,398,254
TOTAL		5,965,147,828	\$88,877,968				\$98,786,287

RESIDENTIAL

Fuel-Oil							
#1	\$0.0586081800	24,306	\$1,425	-21.2%	\$0.0644689980	24,744	\$1,595
#2 & #3	\$0.0607991400	9,950,845	\$605,003	-4.6%	\$0.0668790540	10,129,960	\$677,482
#4	\$0.0622232640	0	\$0		\$0.0684455904	0	\$0
#5	\$0.0634282920	0	\$0		\$0.0697711212	0	\$0
#6	\$0.0648524160	0	\$0		\$0.0713376576	0	\$0
L.P Gas	\$0.0092568060	14,373,697	\$133,055	21.1%	\$0.0097196463	14,632,424	\$142,222
Electricity	\$0.0047489058	4,967,485,376	\$23,590,120	4.4%	\$0.0052237964	5,056,900,113	\$26,416,217
Natural Gas	\$0.0428442228	176,781,062	\$7,574,047	-9.8%	\$0.0449864339	179,963,121	\$8,095,899
TOTAL		5,168,615,287	\$31,903,649				\$35,333,415
		0.464228961	0.264143253				

TOTAL RESIDENTIAL & NON-RESIDENTIAL

Fuel-Oil							
#1		132,413	\$18,215	-6.6%		134,797	\$20,397
#2 & #3		16,185,166	\$1,609,462	-11.1%		16,476,499	\$1,802,276
#4		0	\$0			0	\$0
#5		0	\$0			0	\$0
#6		0	\$0			0	\$0
L.P Gas		19,187,975	\$251,151	-1.8%		19,533,358	\$268,456
Electricity		10,794,595,797	\$96,923,040	4.5%		10,988,898,521	\$108,534,420
Natural Gas		303,661,764	\$21,979,749	-3.3%		309,127,676	\$23,494,153
GRAND TOTAL			\$120,781,617				\$134,119,702
			\$119,470,000				\$132,700,000
GROWTH RATE			0.978471104				\$121,600,000
							\$11,100,000